1986 ANNUAL REPORT

The Saskatchewan Government Printing Company

88-02467/

ANNUAL REPORT

of

The Saskatchewan Government Printing Company

of the

PROVINCE OF SASKATCHEWAN

for the

Year ending December 31, 1986

Regina, Saskatchewan
April, 1987

To His Honour,
The Honourable Frederick W. Johnson,
Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of The Saskatchewan Government Printing Company for the year ending December 31, 1986 including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Sir,

Your obedient servant,

Graham Taylor

GRAHAM D. TAYLOR
Chairman and Minister responsible for
The Saskatchewan Government Printing Company

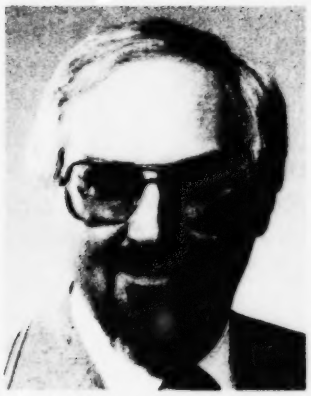
THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

1986

BOARD OF DIRECTORS

HONOURABLE G. TAYLOR	–	Chairman
MR. OTTO CUTTS, Acting General Manager	–	Director
MR. P. LANG, Comptroller		

GENERAL MANAGER'S REMARKS



This is the forty-first annual report of The Saskatchewan Government Printing Company and covers the period for the year ending December 31, 1986.

The Saskatchewan Government Printing Company was established under The Crown Corporations Act of 1945 to operate a general job printing and book binding business. During the past year 2,348 jobs were produced resulting in approximately 2,217,000 dollars in business printing volume. This represents a decrease of 60,000 dollars from 1985.

Sales volume fluctuated from a high of $270,000 in the month of December to a low of $139,000 in the month of February.

Continual improvements and efficiency measures were introduced during the year in order to decrease costs and adjust to the decrease in sales volume.

A net earning of 212,000 dollars before interest expense was recorded by the company.

Otto Cutts

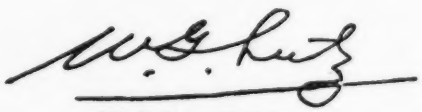
Otto Cutts, Acting General Manager
The Saskatchewan Government Printing Company

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of The Saskatchewan Government Printing Company as at December 31, 1986 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
April 23, 1987.

W. G. Lutz, F.C.A.,
Provincial Auditor.

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF FINANCIAL POSITION

As at December 31

	1986	1985
Assets		
Current Assets:		
Cash	$ 481,124	$ 197,982
Accounts receivable	521,165	680,525
Inventory (Note 3)	262,953	355,831
	1,265,242	1,234,338
Property, plant and equipment (Note 4)	998,469	1,094,804
	$ 2,263,711	$ 2,329,142
Liabilities and Province's Equity		
Current Liabilities:		
Accounts payable	$ 174,925	$ 182,512
Deposits prepaid (Note 7)	3,941	—
Note payable (Note 5)	2,100,000	2,176,000
	2,278,866	2,358,512
Province of Saskatchewan's Equity:		
Deficit — Statement 2	(15,155)	(29,370)
	$ 2,263,711	$ 2,329,142

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF OPERATIONS AND DEFICIT

Year Ended December 31

	1986	1985
Revenue:		
Sale of printing services	$ 2,241,205	$ 2,285,330
Interest	38,009	32,606
	2,279,214	2,317,936
Expenses:		
Operating costs, other than those listed below	1,393,912	1,422,353
General and administration	577,166	543,250
Depreciation	96,024	106,742
Interest	197,897	210,157
	2,264,999	2,282,502
Net Profit	14,215	35,434
Deficit, beginning of year	(29,370)	(64,804)
Deficit, end of year — Statement 1	$ (15,155)	$ (29,370)

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31

	1986	1985
Operating Activities:		
Operating income	$ 14,215	$ 35,434
Non-cash items		
– depreciation	96,024	106,742
– gain on sale of equipment	(4,911)	(474)
(Increase) decrease in non-cash working capital	248,592	(304,499)
Net cash inflow (outflow) from operating activity	353,920	(162,797)
Financing Activities:		
Short-term debt borrowing	8,628,000	8,704,000
Repayment of short-term debt	(8,704,000)	(8,704,000)
Net cash (outflow) from financing activity	(76,000)	–
Investing Activities:		
Proceeds from disposal of fixed assets	5,222	523
Net cash inflow from investing activity	5,222	523
Increase (decrease) in cash balance	283,142	(162,274)
Cash balance, beginning of year	197,982	360,256
Cash balance, end of year	$ 481,124	$ 197,982

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

1. (a) These financial statements are prepared in accordance with generally accepted accounting principles. Significant accounting policies are as follows:

(i) Property, plant and equipment

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Depreciation is provided on the basis and at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets over the useful life of the assets. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

Assets	*Depreciation Basis*	*Rate*
Building	straight-line	2½%
Equipment	straight-line	10%
Photocomposition equipment	straight-line	20%
Office, furniture, fixtures	straight-line	5%
Computer equipment	straight-line	20%

(ii) Inventory and Revenue Recognition

Inventory includes printing supplies and work-in-progress. Supplies are valued at the lower of cost and replacement cost. Work-in-progress is valued at the lower of cost and net realizable value. This includes an assignment of direct and indirect costs. The valuation of work-in-progress limits the assigned value to a maximum of the recoverable sales. Revenue is recognized at the completion of the work order or when the work order is substantially complete in accordance with the percentage of completion method.

2. *Status of the Corporation*

The Saskatchewan Government Printing Company was established by Order in Council 859/45 and continued under the provisions of The Crown Corporations Act, 1978.

3. *Inventory*

	1986	*1985*
Paper supplies inventory	$ 117,280	$ 164,809
Other supplies inventory	48,397	54,559
Work-in-progress material	5,240	15,743
Work-in-progress labour and overhead costs	92,036	120,720
	$ 262,953	$ 355,831

4. *Property, Plant and Equipment*

	1986			1985
	Cost	*Accumulated Depreciation*	*Net Book Value*	*Net Book Value*
Land	$ 121,875	$ —	$ 121,875	$ 121,875
Building	905,601	238,963	666,638	689,278
Equipment	1,006,528	804,306	202,222	253,913
Photocomposition equipment	146,521	146,521	—	21,265
Office furniture and fixtures	14,781	7,047	7,734	8,473
Computer equipment	29,627	29,627	—	—
	$ 2,224,933	$ 1,226,464	$ 998,469	$ 1,094,804

5. *Note Payable*

The Company presently has outstanding a loan from the Department of Finance, renewable quarterly and bearing interest at current rates. At December 31, 1986, the interest rate on this note payable maturing March 31, 1987 was 8.32%.

6. *Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and notes thereto.

7. *Deposits*

Certain customers have prepaid the cost of the materials to be used for specific orders. The deposits represent the difference between the cash received from the customers and the materials used to date for those specific orders.